



Committee: AUDIT COMMITTEE
Date: WEDNESDAY, 20 JANUARY 2010
Venue: MORECAMBE TOWN HALL
Time: 6.00 P.M.

A G E N D A

1. **Apologies for Absence**

2. **Minutes**

Minutes of the Meeting held on 23 September 2009, (previously circulated).

3. **Items of urgent business authorised by the Chairman**

4. **Declarations of Interest**

5. **Annual Audit Letter (Pages 1 - 7)**

Report of KPMG.

(All Councillors have been invited to attend for this item).

6. **Respective roles and remit of Audit Committee and Budget & Performance Panel**

Verbal Presentation of the Internal Audit Manager to inform Members about the roles and remit of Audit Committee and Budget & Performance Panel.

7. **Audit Committee Statement of Purpose (Pages 8 - 9)**

Report of Internal Audit Manager.

8. **Results of Internal Audit Work (Pages 10 - 18)**

Report of Internal Audit Manager.

9. **Partnership Working (Pages 19 - 22)**

Report of Principal Auditor.

10. **Internal Audit Monitoring (Pages 23 - 28)**

Report of Internal Audit Manager.

11. **Length of Meetings** (Pages 29 - 30)

Report of the Head of Democratic Services.

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Janice Hanson (Chairman), Keith Sowden (Vice-Chairman), Jon Barry, Abbott Bryning, Roger Dennison, Tony Johnson and Geoff Knight

(ii) Substitute Membership

Councillors Shirley Burns, Tina Clifford, Karen Leytham, Geoff Marsland, Ian McCulloch, Sylvia Rogerson, Peter Robinson and Paul Woodruff

(iii) Queries regarding this Agenda

Please contact Tom Silvani, Democratic Services - 01524 582132 - email: tsilvani@lancaster.gov.uk.

(iv) Changes to Membership, substitutions or apologies

Please contact Members' Secretary, telephone 582170, or alternatively email memberservices@lancaster.gov.uk.

MARK CULLINAN,
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PUBLIC SECTOR

Annual Audit Letter 2008/09

Lancaster City Council
December 2009

AUDIT

Content

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1. Audit reports issued	

This report is addressed to the Council and has been prepared for the sole use of the Council. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Kevin Wharton, who is the engagement director to the Council, telephone 0161 246 4281, email kevin.wharton@kpmg.co.uk who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, email trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Investigation Officer, Westward House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SR or by e mail to: complaints@audit-commission.gov.uk. Their telephone number is 0844 798 3131, textphone (minicom) 020 7630 0421

Executive Summary

Purpose

This Annual Audit Letter (the letter) summarises the key issues arising from our 2008/09 audit at Lancaster City Council (the Council). Although this letter is addressed to the Members of the Council, it is also intended to communicate these issues to key external stakeholders, including members of the public. The letter will also be published on the Audit Commission website at www.audit-commission.gov.uk. It is the responsibility of the Council to publish the letter on its website. Throughout our audit we have highlighted areas of good performance and also provided recommendations to help you improve performance. We have reported all the conclusions in this letter to you throughout the year and a list of all reports we have issued is provided in Appendix 1.

Scope of our audit

The statutory responsibilities and powers of appointed auditors are set out in the Audit Commission Act 1998. Our main responsibility is to carry out an audit that meets the requirements of the Audit Commission's *Code of Audit Practice* (the *Code*) which requires us to review and report on your:

- *use of resources* - whether you have made proper arrangements for securing economy, efficiency and effectiveness ('value for money') in your use of resources (UoR). Our work in this area is summarised in section 2; and
- *accounts* – the Financial Statements and the Annual Governance Statement, summarised in section 3.

Key Messages

The key areas which we draw to your attention are:

- Our use of resources assessment, the first under the Audit Commission's new UoR regime, demonstrated that the Council has got sound processes in place in two of the three themes (managing finances, governing the business and managing resources). The Council's arrangements in relation to the managing resources theme and, in particular, the workforce planning key line of enquiry (KLOE) were assessed as inadequate. The Council has been assessed as level 2 (performing adequately) overall.
- We identified no significant issues during the course of the financial statements audit and we issued an unqualified audit opinion on the Council's financial statements in 2008/09. Our value for money conclusion was not qualified but on the basis of the weaknesses identified in relation to workforce planning we issued an 'except for' opinion.

Comprehensive Area Assessment Framework

The Audit Commission and the other public service inspectorates introduced a new assessment framework during 2009, Comprehensive Area Assessment (CAA). This is a new way of assessing local public services in England. It examines how well councils are working together with other public bodies to meet the needs of the people they serve. It's a joint assessment made by a group of six independent watchdogs. Assessments will be made publicly available every year and will provide an annual snapshot of quality of life in the area. The results will appear on a new 'Oneplace' website.

Work in this area is being led by the local Comprehensive Area Assessment Lead (CAAL). The CAAL has shared draft findings with officers and he is due to formally report in December 2009. Alongside the CAA report, the organisational assessment will be issued which combines the judgements on your use of resources and managing performance assessments.

Any issues arising will be discussed with you and planned into future years audit and assessment activity.

Financial Standing

The last year has seen the country enter a significant economic recession. The consequence locally, is an increasing demand for public services and the likelihood of reduced levels of central government funding. Together, these provide a significant challenge for local councils as they seek to continue to provide services to local residents, whilst maintaining a sound financial position.

Executive Summary (continued)

Financial standing (continued)

The Council has recognised that it has significant financial pressures for the next three years and is required to identify and achieve significant savings targets to ensure a balanced budget can be achieved. Recent reports to the Budget and Performance Panel indicate that the Council has allocated significant sums of resource to non-priority areas in 2009/10. This underlines the importance of the work that is underway to review these allocated commitments. The completion of this exercise is critical if the Council is to achieve the budget realignment which is required to secure financial balance in 2009/10 onwards, as well as to redirect resource to strategic priorities.

Future Issues

- From 2010/11 local government bodies are required to prepare their financial statements under International Financial Reporting Standards (IFRS) and therefore the Council need to be preparing for this transition.
- Those Local Authorities in the Carbon Reduction Commitment scheme will need to start reporting their usage from 1 April 2010 and recording these transactions within their financial statements with effect from 1 April 2011. There will be implications for cash flow, energy bills, and investment decisions and these could be significant. There are huge opportunities in addressing sustainability with clear cost reduction opportunities from saving energy which will become more and more significant over time. There are also opportunities to use the sustainability agenda to support the achievement of business challenges. It puts carbon reduction firmly amongst your corporate priorities.
- Sustainability performance - The Treasury is developing guidance for 2010/2011 which will require all public sector bodies to report publicly on sustainability performance in annual reports. CIPFA is in discussion with the Treasury about when and in what form this requirement will be formalised for local authorities. The reported information will be subject to audit and scrutiny. Sustainability reporting will be difficult to implement and many organisations will need to act now to implement new information gathering processes.
- Public expenditure forecasts indicate that there will be significant pressure on local authorities' funding in the medium term. Future financial settlements will be extremely tight, increasing the need for local authorities to have comprehensive efficiency programmes supported by sound financial management arrangements. It is likely that bold measures will be required to generate sufficient savings to mitigate the impact on priority services. More than ever before, officers and Members will need to focus on identifying these significant savings measures and ensuring that robust arrangements are in place to monitor their delivery to ensure they are realised. The Council has a track record in delivering its efficiency targets but it will be necessary to revisit and update the Council's plans to ensure that these can deliver the levels of savings required for the future.

Fees

Our fee for the audit is £124,000 which is in line with our audit plan. In addition, the fees for the certification of grant claims will be in line with our audit plan.

Acknowledgement

This has been KPMG's second year as the Council's external auditor following our appointment by the Audit Commission in 2007. We would like to thank the Council's management and staff for the help, support and co-operation they have provided throughout our audit. We recently agreed our audit plan for our 2009/10 audit and look forward to working closely with the Council in the coming year to deliver this programme of work.

Use of resources

The main elements of our use of resources work are:

- *Use of Resources* - from 2008/09, the Audit Commission introduced a new UoR assessment framework which forms part of the Comprehensive Area Assessment (CAA). This replaced the former UoR assessment which was predominantly focused on processes – the scope of the new regime is wider as it also considers whether public bodies have achieved significant and sustainable outcomes. The UoR assessment comprises three themes which consider:
 - Managing finances: focusing on sound and strategic financial management;
 - Governing the business: focusing on strategic commissioning and good governance; and
 - Managing resources: focusing on the management of natural resources, assets and people.
- *Value for money conclusion* – we issue a conclusion on whether we are satisfied that you have put in place proper arrangements for securing economy, efficiency and effectiveness in your use of resources. This is based on the UoR assessment.
- *Specific risk based work* – we carry out specific reviews of issues facing you, based on a risk assessment and from risks raised with us from various sources. This year we undertook a review of the Council's Value for Money arrangements.

The findings from this work are summarised below.

Element of work	Key findings								
Use of Resources	<p>Our assessment of Lancaster City Council against the three themes resulted in the following scores on a scale of one (inadequate) to four (performing strongly):</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="background-color: #003366; color: white;">Area</th> <th style="background-color: #003366; color: white;">Score</th> </tr> </thead> <tbody> <tr> <td style="background-color: #e6f2ff;">Managing finances</td> <td style="background-color: #e6f2ff;">2</td> </tr> <tr> <td style="background-color: #e6f2ff;">Governing the business</td> <td style="background-color: #e6f2ff;">2</td> </tr> <tr> <td style="background-color: #e6f2ff;">Managing resources</td> <td style="background-color: #e6f2ff;">1</td> </tr> </tbody> </table> <p>Last year's UoR assessment the Council scored level 3 (performing well) overall. It should be noted, however, that direct comparisons cannot be made between the previous UoR scores and those awarded this year due to the differences in each assessment framework.</p> <p>In achieving level 2 for managing finances and governing the business the Council has been able to demonstrate that overall it has adequate arrangements in place. Arrangements in relation to workforce planning (the only KLOE to be assessed in the area of managing resources for 2008/09) were found to be underdeveloped.</p> <p>We have held a meeting with the Chief Executive and the Leader of the Council to discuss our findings from the 2008/09 assessment and to discuss possible actions for the Council to undertake to improve performance. We will maintain a regular dialogue with officers to understand the Council's progress in the UoR themes. We will keep the Audit Committee updated on the Council's progress in these areas.</p>	Area	Score	Managing finances	2	Governing the business	2	Managing resources	1
Area	Score								
Managing finances	2								
Governing the business	2								
Managing resources	1								
Value for money conclusion	<p>We issued an 'except for' value for money conclusion for 2008/09. This means that we concluded that the Council had appropriate arrangements in place to ensure the effective use of its resources, except for specific weaknesses that were identified during our audit which impacted on our assessment of the Council's arrangements for workforce planning.</p>								
Specific risk based work	<p>As part of this year's audit we undertook a specific review of the Council's arrangements for securing value for money. The Council's plans for developing its value for money arrangements had been delayed due to the job evaluation exercise and the changes in political leadership during the year. The Council needs to embed a process for reviewing and addressing value for money issues in services. From this, the Council should have greater opportunity to demonstrate outcomes and how they are linked to processes. Our report shares examples of best practice for doing this and an examples review framework.</p> <p>This report was initially issued to officers on 10 September 2009. We discussed the findings on 23 September 2009 but we still await management responses to the recommendations within this report.</p>								

Financial statements

Audit opinion

We issued an unqualified opinion on your accounts on 29 September 2009. This means that we believe the accounts give a true and fair view of the financial affairs of the Council and of the income and expenditure recorded during the year.

Before we give our opinion on the accounts, we are required to report to 'those charged with governance' any significant matters identified. We did this in our report to the Audit Committee meeting on the 23 September 2009 and the key issues are summarised here.

Accounts production and adjustments to the accounts

- We received a complete set of draft accounts by the 30th June deadline supported by good quality working papers.
- There were only a small number of presentational adjustments required to the financial statements.
- We raised one recommendation for the Council in relation to the Building (Local Authority Charges) Regulations 1998. The detail of these was set out in our ISA260 report presented to the Audit Committee on 23 September 2009.

There were no other issues raised for the attention of the Audit Committee.

International Financial Reporting Standards

From 2010/11 local government bodies are required to prepare their financial statements under International Financial Reporting Standards (IFRS). There is a transitional process that needs to be followed, starting with assessing the areas where IFRS will require re-statement of prior year financial statements in order to comply with the new standards. Councils will need to effectively manage this transition, ensuring that financial systems and procedures have been reviewed and updated as necessary and that finance staff receive necessary training in order to continue its good track record of producing timely, complete and materially accurate financial statements.

Areas where particular focus will be required include:

- Leases – Collation of records for all current lease contracts and establishing whether these should be classified as operating or finance leases.
- Property Plant and Equipment – Ensuring procedures are in place to revalue assets as and when required. The Council will need to agree whether valuations for component assets will be provided through the formal valuation process or by using internal information as and when valuations are completed.
- Employee benefits – Establishing an acceptable methodology which is agreed with the Councils auditors for calculating employee benefit accruals in relation to untaken annual leave, flexi-time and time off in lieu. This should be applied to calculate an opening accrual as at April 2009.

The Council's preparations for these areas are well underway. There is a project plan in place and the Council has already assessed the impact in the lesser complex areas of the standards. We will continue to liaise with the Council, ensuring that its plans are sufficiently progressed to meet the expected reporting requirements.

Appendix 1: Audit reports issued

A summary of the reports issued in the year to date is set out below.

Report	Date issued
Audit and Inspection Plan 2008/09	June 2008
Annual Audit Fee letter 2009/10	April 2009
Report to those charged with governance 2008/09	September 2009
Value for Money review (Draft to officers)	September 2009
Actions arising from the KPMG report on Use of Resources 2008/09	November 2009

AUDIT COMMITTEE**20th January 2010****Audit Committee Statement of Purpose****Report of Internal Audit Manager****PURPOSE OF REPORT**

To seek Members' approval for a statement of purpose for the committee.

This report is public

RECOMMENDATIONS

(1) That the proposed statement of purpose is approved.

1.0 Introduction

1.1 The Audit Committee's terms of reference include at §8.20 *"To approve a Statement of Purpose for the Audit Committee"*. Whilst the terms of reference set out the specific responsibilities of the committee, an overall statement of purpose has not yet been adopted.

2.0 Report

2.1 The Audit Committee's terms of reference are substantially based on those suggested in the publication *"Audit Committees – Practical Guidance for Local Authorities"* (CIPFA, 2005)¹. The publication recommended that there should be a formally approved statement of purpose along the following lines:

"The purpose of an audit committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process."

2.2 Whilst this generic definition captures the essence of an audit committee's purpose, it is felt that, in relation to this council, it can be improved in the following ways:

- a) by referring to responsibilities regarding corporate governance within the council; and
- b) through greater clarity about the scope of its scrutiny of performance.

¹ Chartered Institute of Public Finance and Accountancy

2.3 The following statement of purpose is proposed:

“The audit committee’s purpose is to oversee and, independently of the Executive and Overview and Scrutiny function, provide the council with assurance of the adequacy of, its corporate governance arrangements including the risk management framework and the associated control environment. The committee reviews the authority’s exposure to and management of risk across all financial and non-financial activity, and oversees the financial reporting process.”

3.0 Details of Consultation

3.1 The council’s Section 151 Officer and Monitoring Officer have been consulted on the development of this statement.

4.0 Options and Options Analysis (including risk assessment)

4.1 The options available to the committee are to a) approve the proposed statement of purpose, b) propose further changes to the wording, or c) choose not to approve a statement of purpose.

4.2 Approval of a statement of purpose provides an opportunity to clarify and promote the committee’s remit and to complete its terms of reference.

<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p> <p>Not applicable</p>	
<p>FINANCIAL IMPLICATIONS</p> <p>None arising from this report</p>	
<p>SECTION 151 OFFICER’S COMMENTS</p> <p>The Section 151 Officer has been consulted and has no further comments</p>	
<p>LEGAL IMPLICATIONS</p> <p>None arising from this report</p>	
<p>MONITORING OFFICER’S COMMENTS</p> <p>The Monitoring Officer has been consulted and has no further comments</p>	
<p>BACKGROUND PAPERS</p> <p>Audit Committee – Terms of Reference “Audit Committees – Practical Guidance for Local Authorities” (CIPFA, 2005)</p>	<p>Contact Officer: Derek Whiteway Telephone: 01524 582028 E-mail: dwhiteway@lancaster.gov.uk Ref: aud/comm./audit/100120ACSoP</p>

Audit Committee**Results of Internal Audit Work****20th January 2010****Report of Internal Audit Manager****PURPOSE OF REPORT**

To inform the Committee of the results of Internal Audit work for the period.

This report is public

RECOMMENDATIONS

- (1) That the report is noted.
- (2) That in relation to previous audits where the assurance level has not yet reached "reasonable" (as set out in Appendix A):
 - a) Job no 07/0708 - Income Management (Housing Rents Direct Debit Payments)- that Audit Committee request the Head of Council Housing Services to attend the meeting to provide a further update and assurance.
 - b) Job no 07/0676 - Salt Ayre Sports Centre - if the assurance level at the next update has not been raised to 'reasonable', the Head of Cultural Services be asked to attend the Audit Committee meeting to report on the position.
 - c) Job no 07/0701 - Procurement and Contract Management - if the assurance level has not reached "reasonable" by the time of the internal audit follow-up review, Audit Committee should seek a further report and assurance from the Head of Financial Services.
 - d) Job no 08/0724 - Land Charges - should the exercise to establish the cost of providing the local search service not be completed by 31st March 2010, a more detailed report be requested from the Head of Legal and HR.
 - e) Job no 07/0709 – Payroll - that Audit Committee request a progress report on both the Payroll/HR system project and the review of the recruitment policy and procedures, to be presented to the next meeting on 21/04/2010.
 - f) Job no 08/0733 - Planning for Floods - if the assurance level has not reached "reasonable" by the time of the internal audit follow-up review, Audit Committee should seek a further report and assurance from the Head of Planning Services.
 - g) Job no 07/0679 – Markets – that Audit Committee consider what action they would expect to be taken regarding the outstanding issues from the audit.







1.0 Introduction

- 1.1 Part of the Audit Committee's terms of reference is:

"To receive and review the findings of both Internal and External Audit examinations and to ensure that management takes appropriate action to implement agreed recommendations and to remedy any internal accounting, organisational or operational control weaknesses identified." (Constitution part 3, section 7, § 10)

2.0 Results of Internal Audit Work to 18th December 2009

- 2.1 This report covers audit work and reports issued since the Results of Audit Work were last reported to Committee on 23rd September 2009. Summary reports are issued to Members for consideration and are also posted on the Council's Intranet.
- 2.2 If there are any specific questions about a report, or more detailed information is required, it would be helpful if Members could contact the Internal Audit Manager on telephone number 582028 or email dwhiteway@lancaster.gov.uk prior to the meeting.
- 2.3 The list below gives the assurance opinion issued for areas audited since the April 2009 meeting.

Audit Title		Report Date	Assurance Level	
New Audit Reports				
08/0754	Mod.Gov (Committee Management System)	02/09/09	Reasonable	
08/0703	Fraud and Corruption Arrangements	04/09/09	Limited	
Follow up Reviews				
08/0729	Street Cleansing	06/10/09	Reasonable	
07/0709	Payroll	30/10/09	Limited	
07/0697	Performance Management	17/11/09	Reasonable	
08/0736	Business Continuity Planning	18/11/09	Reasonable	

3.0 Matters Arising from Audit Reviews

- 3.1 Members' attention is drawn to the audits where a "limited" assurance opinion has been issued; there have been no audits resulting in a "Minimal" assurance opinion. The following audits completed since the meeting held on 23rd September 2009 have been issued with a "limited" assurance opinion:

08/0703 – Fraud and Corruption Arrangements

Reflecting the increased risk of fraud in the current economic climate the audit concentrated on two key areas relating to the council's arrangements for promoting and ensuring probity and propriety and for preventing and detecting fraud and corruption in the conduct of its business.

The audit concluded that whilst the council has policies and practices in place to support ethical behaviour and anti-fraud and corruption arrangements no corporate assessment of the level of awareness and understanding of these has been undertaken. Agreed actions lead to the recent Ethical Governance Survey for both Members and staff the results of which will be used to assess the effectiveness of established policies and practices and related training and to identify areas where action needs to be taken to demonstrate and support high standards of conduct and a strong anti-fraud and corruption culture.

The audit also identified the need to strengthen arrangements around the corporate management and reporting of complaints, particularly through the computerised complaints system Lagan which had not been introduced across the whole council as planned. Following the audit, work has already started to ensure that this is fully implemented by 1st April 2010.

Implementation of the agreed actions will result in a reasonable level of assurance and will help the council to demonstrate clear improvements in governance and internal control arrangements which scored a 2 (only at Minimum Requirements – adequate performance) in the 2007/08 Use of Resources assessment, the report for which was reported to Audit Committee in September 2009.

07/0709 – Payroll

Despite good progress to address operational matters relating to payroll the assurance opinion remains at 'limited' following the post audit review as actions relating to two key areas of risk have been delayed due to other work, particularly the need to commit resources to the Fair Pay project.

The outstanding matters relate specifically to undertaking a major review of the council's recruitment arrangements and related policies and procedures and the delivery of a computerised system that effectively integrates identified payroll and human resource needs.

4.0 Update on Previous Assurance Opinions

- 4.1 The completed follow up review of the council's performance management arrangements resulted in the assurance opinion being raised to 'reasonable' as excellent progress has been made to implement agreed actions including a review of the business planning process, improvements in performance monitoring and reporting and the introduction of new arrangements aimed at identifying savings and efficiencies.
- 4.2 The level of assurance relating to Salt Ayre Sports Centre had been raised to 'reasonable' following management responses in March 2009. This has, however, reverted back to a 'limited' assurance opinion after the follow-up review as some significant risks and actions have yet to be addressed as agreed including proper segregation of duties, internal check and supervision arrangements and the reconciliation of income to the general ledger.
- 4.3 On the basis of the management response received the level of assurance related to Building Control has been raised to 'reasonable' as significant improvements have been made in a relatively short period of time since the appointment of the Building Control Manger and less significant actions are to be addressed through the Service restructure currently underway.
- 4.4 Appendix A provides an updated position for all those audits where the level of assurance provided has not yet reached "reasonable", including the Payroll audit referred to in §3.1 above.

5.0 Results of Responsive Audit Work (Advice, Support and Investigations)

- 5.1 Internal Audit have provided ad-hoc advice and support to all levels of management, the most significant of which relate to:
 - Ongoing project assurance and related support work, notably the ongoing Fair Pay Project (Internal Audit Manager).
 - Managing the project to evaluate the effectiveness and performance of key partnerships and the council's involvement in them and the development of corporate arrangements in partnership working (Principal Auditor – see separate report)

- 5.2 The Principal Auditor has provided support to the newly established Programmes and Funding team responsible for the development and management of strategic programmes and external funding arrangements on behalf of the Council and the LDLSP. Principally this has involved assessing the council's 'maturity' against standards within a model developed by the Office of Government Commerce (OGC) covering programme and project management arrangements and business as usual through portfolio management. The work to date has identified a number of areas where the council can build on existing good arrangements and develop new ones to improve standards, increase capability and realise a range of benefits.
- 5.3 The Senior Auditor has recently completed a major investigation in accordance with the Council's Disciplinary Policy. An internal audit report covering procedural issues related to this investigation is nearing completion and is due to be issued in January.



6.0 Details of Consultation

6.1 Not applicable

7.0 Options and Options Analysis (including risk assessment)

7.1 Not applicable





<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p> <p>None identified</p>	
<p>FINANCIAL IMPLICATIONS</p> <p>None directly arising from this report</p>	
<p>SECTION 151 OFFICER'S COMMENTS</p> <p>The Section 151 Officer has been consulted and has no further comments</p>	
<p>LEGAL IMPLICATIONS</p> <p>None directly arising from this report.</p>	
<p>MONITORING OFFICER'S COMMENTS</p> <p>The Monitoring Officer has been consulted and has no further comments</p>	
<p>BACKGROUND PAPERS</p> <p>Internal Audit Files</p>	<p>Contact Officer: Derek Whiteway Telephone: 01524 582028 E-mail: dwhiteway@lancaster.gov.uk Ref: aud/audcomm/200110/ROI AW</p>





Internal Audit Report	Latest Update		No of updates reported to Audit Committee	Internal Audit's opinion and recommendation
	Assurance Level and Date	Current Assurance Level		
07/0708 - Income Management (Housing Rents Direct Debit Payments)	 Limited 30/04/08	 Limited	5	Whilst planned developments to the Housing Rents IT system have been hindered by issues with the software supplier, control weaknesses raised in the audit report in April 2008 still remain. Recommendation: that Audit Committee request the Head of Council Housing Services to attend the meeting to provide a further update and assurance.





A number of agreed actions remain outstanding including implementation of an automated direct debit module. Despite previous assurances about this module, the new providers of the Housing Rents system have failed to deliver as expected. Council Housing Services have had difficulty in resourcing the agreed alternative arrangements aimed at minimising the risk of error until such time as an automated direct debit system is in place. This risk was recently demonstrated when an elderly tenant paying by direct debit was overcharged by £2,000.





On 14th December 2009, the council received a revised product strategy from the software suppliers, which means that a direct debit module may yet be provided within the council's current system.

This latest strategy will be reviewed by Council Housing staff with a view to addressing the outstanding agreed actions by October 2010
(Update provided by management)

Internal Audit Report		Latest Update		No of updates reported to Audit Committee	Internal Audit's opinion and recommendation
Job No & Title	Assurance Level and Date	Current Assurance Level	Comments (provided by)		
07/0676 - Salt Ayre Sports Centre	 Limited 12/09/08	 Limited	A lack of division of duties in relation to the management of the booking system has not yet been resolved, and arrangements for reconciling this system to the main accounting system have not yet been developed. In Internal Audit's opinion, the level of assurance which can be provided at present remains limited. (From internal audit follow-up review)	2	Following a manager's update in March 2009, the assurance level was raised to "reasonable". The IA follow-up review in December 2009 concluded that insufficient progress had been made to change the assurance level, hence it has reverted to "limited". Recommendation: if the assurance level at the next update has not been raised to reasonable, the Head of Cultural Services be asked to attend the Audit Committee meeting to report on the position.
07/0701 - Procurement and Contract Management	01/10/08  Limited	 Limited	Plans are being made for the revised procurement strategy to be published and promoted and for this to be supported by the Member Procurement Champion. Some agreed actions will be addressed through ongoing work commitments arising from the implementation of e-procurement arrangements and others relating to a consistent and established approach to contract management are ongoing or have been delayed as a result of other work commitments within the procurement section and a recent staff restructure to establish the Programmes and Findings team within Economic Development. Sufficient progress on the outstanding actions in the next few months together with the publication and promotion of the procurement strategy should result in a 'reasonable' level of assurance. (Update provided by management)	3	A formal internal audit follow-up review is due to be undertaken early in 2010. Recommendation: if the assurance level has not reached "reasonable" by the time of the internal audit follow-up review, Audit Committee should seek a further report and assurance from the Head of Financial Services.

Internal Audit Report		Latest Update		No of updates reported to Audit Committee	Internal Audit's opinion and recommendation
Job No & Title	Assurance Level and Date	Current Assurance Level	Comments (provided by)		
08/0724 - Land Charges	 Limited 05/11/08	 Limited	Following government consultation and guidance, the charge for personal Land Charges searches is to be increased from 1st January 2010 to a more cost effective level. An exercise is currently underway to establish the cost of provision of elements of the local search to ensure that the council is fully compliant with legislation by 1 st April 2010 at which point the level of assurance will be raised to 'reasonable' (Update provided by management)	3	The exercise to establish the cost of providing the local search service is the only remaining issue from the original action plan. It is anticipated that this exercise will be completed and the issue cleared by the end of 2009/10. Recommendation: should the exercise to establish the cost of providing the local search service not be completed by 31st March 2010, a more detailed report be requested from the Head of Legal and HR.
08/0753 - Williamson Park - Audit of Financial procedures	 Limited 26/11/08	 Limited	Recent work has concentrated on legal and operational issues connected with the management of the park returning to the council. Work has also been ongoing to ensure that effective budget monitoring and reporting arrangements are in place, and to improve value for money in the procurement of works, goods and services, as well as other operational improvements. A detailed progress report is to be submitted to Cabinet in January 2010 with a view to management of the park returning to council control by 1st April 2010. (Update provided by management)	2	Following the return of the park to council control, a further audit review will be carried out to assess the effectiveness of the new arrangements. Recommendation: there is no further recommendation at this stage.

Internal Audit Report		Latest Update		No of updates reported to Audit Committee	Internal Audit's opinion and recommendation
Job No & Title	Assurance Level and Date	Current Assurance Level	Comments (provided by)		
07/0709 - Payroll	 Limited 04/12/08	 Limited	<p>Although excellent progress has been made to address the operational issues raised during the original audit, achievement of a 'reasonable' level of assurance is dependent upon two outstanding issues, namely the implementation of a replacement Payroll/HR system, and a major review of recruitment policies and procedures.</p> <p>The assurance opinion will remain as 'limited' until these actions have been fully implemented though it is unlikely this will be achieved until the Fair Pay process has been completed and staff resources can be made available to take the work on.</p> <p>(From internal audit follow-up review)</p>	3	<p>The Financial Services and Legal and HR business plans jointly aim to implement a replacement Payroll and HR system by April 2011, with the project due to commence in early 2010.</p> <p>The Legal and HR business plan includes an action to 'review HR Policies to ensure that they effectively support the people management of the Council'.</p> <p>Recommendation: that Audit Committee request a progress report on both the Payroll/HR system project and the review of the recruitment policy and procedures, to be presented to the next meeting on 21/04/2010.</p>
08/0733 - Planning for Floods	 Limited 25/02/09	 Limited	<p>The council is now working in partnership with other district councils, Lancashire County Council and the Environment Agency with a view to implementing the recommendations of the Pitt Review which includes changes to the flood management responsibilities of local authorities. The legislation for these changes will be contained in the Flood and Water Bill going before parliament and the council will continue to work closely with relevant agencies to address the longer-term implications of these new responsibilities</p> <p>(Update provided by management)</p>	2	<p>A formal internal audit follow-up review is due to be undertaken early in 2010.</p> <p>Recommendation: if the assurance level has not reached "reasonable" by the time of the internal audit follow-up review, Audit Committee should seek a further report and assurance from the Head of Planning Services.</p>

Internal Audit Report		Latest Update		No of updates reported to Audit Committee	Internal Audit's opinion and recommendation
Job No & Title	Assurance Level and Date	Current Assurance Level	Comments (provided by)		
07/0679 - Markets	 Limited 09/02/09	 Limited	As income collection arrangements remain unchanged, and are still subject to review, Internal Audit feel that the level of assurance which can be provided at present remains limited. Until such time as the situation regarding invoicing and cash collection arrangements has been resolved, a reasonable level of assurance cannot be given. (From internal audit follow-up review)	2	The Head of Property Services and Head of Financial Services have been asked to attend the meeting to report on the latest position. Recommendation: that Audit Committee consider what action they would expect to be taken regarding the outstanding issues from the audit.
08/0723 - Arts Development	 Limited 12/06/09	 Limited	Agreed actions have not been implemented as expected, largely due to the resignation of three key members of staff, which reduced the Arts team to zero from December 2009, raising other potential risks which will be considered as part of the services restructure and review. In the meantime, workload is being prioritised and temporarily covered by other Cultural Services staff to ensure that commitments to ongoing projects are met, SLAs with arts organisations are managed and monitored to prevent clawback from funding partners, and actions arising from the new arts strategy are supported. This additional work means that it is unlikely that any progress will be made in the short term to implement the agreed actions. A number of actions will change or be superseded following a recent decision by the LDLSP to work with partners and Cultural Services staff to take the arts strategy forward. On a positive note, this will be informed by the Key Cultural Partnership which has recently been evaluated, resulting in a much more focused approach to delivering the arts. (Update provided by management)	1	The current position and potential for progress with the action plan are significantly affected by the ongoing structural review. Given this situation, arrangements to carry out the formal internal audit follow-up review (originally scheduled for December 2009) will be negotiated with management. Recommendation: There is no further recommendation to Audit Committee at this stage.

Audit Committee

Partnership Working**20th January 2010****Report of Principal Auditor**

PURPOSE OF REPORT

To inform Audit Committee on the work undertaken by Internal Audit to develop effective performance management and governance arrangements in partnership working and the evaluation of key partnerships
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This report is public

RECOMMENDATIONS

- (1) That Audit Committee note and comment on the work outlined in the report relating to the performance management and governance of the council's partnerships**

1.0 Introduction

1.1 Following an audit review undertaken during 2007/08 the Principal Auditor has taken a lead role in developing performance management and governance arrangements relating to partnership working and has acted as the Project Manager as part of a project team tasked with undertaking a 'mapping' exercise to determine the number and types of partnership the council is involved in and to evaluate the effectiveness of those partnerships considered to be of a major' significance to the council in achieving corporate objectives and priorities.

1.2 This report outlines the work that has been done to date and the work that is ongoing to establish a performance management framework for partnerships.

2.0 Establishing a corporate definition of partnerships and scrutiny arrangements

2.1 A crucial first step in establishing clarity and consistency in the way that the council deals with its partnerships was to determine and formally adopt a definition of what it meant by a partnership and to establish formal scrutiny arrangements.

2.2 In July 2008, the Budget and Performance Panel took responsibility for the scrutiny of the effectiveness and performance of the council's major partnerships. They also determined three types of partnership arrangements involving those aimed at developing key relationships with other organisations, those where the council works with partners to deliver joint objective and those where the council enters into a formal contract with a partner. The following definition of what the council means by a partnership was also formally adopted:

'Those agreed methods of working together as an integrated and co-ordinated team to achieve common objectives and shared benefits'.

3.0 Partnership mapping and evaluation

3.1 Between July and September 2008, the Principal Auditor worked on developing the *Partnership Assessment Scorecard (PAS)* which provided a practical way of categorising (or 'mapping') the variety of partnerships the council was involved in and used a scoring mechanism, based on an assessment of key aspects of partnership working, which enabled each known partnership to be determined as having a '*Limited*', '*Moderate*' or '*Major*' level of significance to the council in achieving corporate objectives and priorities.

- 3.2 In October 2008, a project team lead by the Corporate Director (Finance & Performance) was set up to undertake the mapping exercise and to develop a framework for partnership performance monitoring and evaluation. Over a number of weeks Members of the team met with all Service Heads and other lead officers involved in partnership working to:
- determine whether arrangements that had been identified as 'partnerships' actually met the council's adopted definition and, if they did, categorise them into one of the three types of partnership, and;
 - to assess their level of significance to the council on overall service planning and delivery arrangements
- 3.3 This exercise, which was widely welcomed throughout the council provided what many believed to be an accurate reflection of the impact and importance of individual partnerships against key aspects of partnership working including its links to the delivery of priorities within the Sustainable Community Strategy and the councils corporate plan, and individual partnerships arrangements relating to value for money, risk management and governance.
- 3.4 This exercise identified 59 partnerships fitting the council's definition (from an original list of 128), of which 23 were scored as being of 'major' significance to the council, 21 as 'moderate' and 15 with a 'limited' significance.
- 3.5 Informed by the results of the mapping exercise and an increased knowledge of the purpose and objectives of each partnership, the project team developed a work programme aimed at evaluating eight of the council's major partnerships during 2009/2010 using a *Partnership Development and Evaluation Toolkit* that had previously been developed by the Principal Auditor and other officers of the council.
- 3.6 As a development tool the toolkit was designed to enable partnerships to take stock of how effective their partnership working arrangements are and to help those experiencing difficulties to identify where remedial action can be taken. As an evaluation tool it gives partnerships an opportunity to assess themselves against a set of key criteria covering key aspects of working in partnership. With a section dedicated to the council's involvement in the partnership the toolkit aims to provide an important means of assessing the costs, risks and opportunities arising from its ongoing contribution and future participation in individual partnerships.
- 3.7 As well as the results of the mapping exercise, the work programme for evaluating partnerships was also informed by a successful pilot study of the evaluation toolkit that had been undertaken by the Community Safety and Museums Partnerships. This study helped to test the robustness and effectiveness of the toolkit in practice and resulted in very positive feedback on its benefits in enabling each partnership to critically assess the effectiveness of their working arrangements and to identify in the process activities that they did well and others where improvements could be made.
- 3.8 The outcomes from each of the pilot studies resulted in an action plan which was scrutinised by the Budget and Performance Panel and agreed by each of the partnership boards and these actions are currently being implemented. In addition, the evaluations helped to identify how the council improve its contribution within the individual partnerships and more widely as part of the overall arrangements for managing the performance of the council's key partnerships.
- 4.0 2009/10 Work Programme**
- 4.1 To date, two of the eight partnerships have completed their evaluations using the toolkit, with a further three currently underway and one yet to start. With the agreement of the Budget and Performance Panel, two partnerships have been withdrawn from the work programme on the grounds that one, the Lancashire Economic Partnership, is currently being evaluated by 'Lancashire Leaders' and the other, the West End Partnership, is no longer receiving administrative support by the council.

- 4.2 A summary of the outcomes and actions arising from the completed evaluations of the Closed Circuit TV and Key Cultural Partnerships have recently been reported to the Performance Management Group and the Budget and Performance Panel and plans are now underway to implement agreed actions.
- 4.3 Whilst very different partnerships the evaluations have been successful in that they have provided for the first time a chance to assess the strengths, weaknesses, risks and opportunities associated with each partnership. The evaluation of the Key Cultural Partnership, for example, has helped to raise its focus and profile to the extent that partners are to be part a group including members from the LDLSP Management Group to develop a strategy for the delivery of arts in the district.
- 4.4 Experience from the evaluations to date has identified that the most effective approach would be to assess only those that have a direct involvement in delivering local priorities arising from the Sustainable Community Strategy and the Council's corporate plan. This approach will enable resources to be concentrated on evaluating key partnerships - which potentially carry higher risks – to be built into the business planning process and their action planning and performance arrangements to be monitored through the performance management frameworks.
- 4.5 The partnership evaluations undertaken to date are also informing the ongoing work to establish effective partnership governance arrangements within individual partnerships and the council which are currently underdeveloped and inconsistent. So far this has lead to the production of risk registers within partnerships and for the more significant risks/opportunities to be incorporated within the council's strategic risk register, and the development of a soon to be published, Code of Practice for Working in Partnerships which seeks to provide a corporate framework for effectively engaging with, and entering into, new partnerships.
- 4.6 As part of developing effective partnership governance and performance management work is also underway to establish a mechanism for key partnerships to produce an annual report on their activities incorporating assurances on their systems and processes as part of the overall governance framework. Details from this annual report as well as outcomes from partnership evaluations will be incorporated within a register (database) which, once established, provide a central point of reference of the council's partnerships and provide a mechanism to ensure that they are, and remain, relevant to the successful delivery of priorities and objectives.

5.0 Details of Consultation

- 5.1 Not applicable

6.0 Options and Options Analysis (including risk assessment)

- 6.1 Not applicable

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

None identified

FINANCIAL IMPLICATIONS

None directly arising from this report

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments

LEGAL IMPLICATIONS

None directly arising from this report.

MONITORING OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments

BACKGROUND PAPERS

Internal Audit Files

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AUDIT COMMITTEE**20th January 2010****Internal Audit Monitoring****Report of Internal Audit Manager****PURPOSE OF REPORT**

To advise Members of the latest monitoring position regarding the 2009/10 Internal Audit Plan.

This report is public

RECOMMENDATIONS

- (1) That the current monitoring position is noted.
- (2) That the proposed adjustments to the Internal Audit Plan as set out in paragraph 2.9 are approved.

1.0 Introduction

- 1.1 The 2009/10 Internal Audit Plan was approved by the Audit Committee at its meeting on 30th June 2009. A number of adjustments to the plan were approved by the committee at its meeting on 23 September 2009. This report is based on the monitoring position up to 30th November 2009.

2.0 Report

- 2.1 A detailed monitoring report as at 30th November 2009 is attached as Appendix A. In summary, the position as that date was as shown in the following table.

Area of work	Resources (audit days)				
	Actuals to 30/11/09	Remaining	Committed	Approved Plan	Variance
Assurance Work					
Core Financial Systems	41	62	103	90	+13
Core Management Arrangements	43	51	94	75	+19
Risk Based Assurance Audits	80	70	150	225	-75
Follow-Up Reviews	70	0	70	64	+6
Sub-Total, Assurance Work	234	183	417	454	-37
Consultancy Work					
Support Work	77	19	96	87	+9
Efficiency & VfM	8	14	22	50	-28
Ad-Hoc Advice	36	13	49	49	0
Sub-Total, Consultancy Work	121	46	167	186	-19
Audit Management	46	12	58	54	+4
Other Duties (Non-Audit)	24	4	28	28	0
Investigations	182	14	196	175	+21
General Contingency	0	0	0	20	-20
Total	607	259	866	917	-51

- 2.2 Whilst this summary shows that, overall, audit resources are not yet fully committed (there being 51 days available for allocation), there continue to be variances in some areas which are creating pressures within the plan.
- 2.3 Most significantly, the major investigation, which was completed in November 2009 took a few more days than anticipated when reported to the committee in September. More recently, a further investigation required into an income collection issue has made a further call on audit resources. Overall, it is anticipated that this work will require a further 21 days adding to the investigations budget.
- 2.4 Under the heading of Consultancy, the revised allocation for Support Work (87 days) is also likely to be exceeded by around 9 days. This is mainly the consequence of additional work being undertaken in the partnership mapping and evaluation programme which is the subject of a separate report on the agenda.
- 2.5 The third area where planned allocation has been exceeded (by an additional commitment of 4 days) is in audit management, which covers planning, monitoring and reporting to committee.
- 2.6 There is scope to mitigate these additional commitments, which total 34 days, through reductions in some other areas. The main available source is that for Efficiency and VfM which is currently under-committed by 28 days. The overall plan can be balanced by reallocating this resource and by using 6 days from the remaining balance of the general contingency (20 days).

- 2.7 It would also be possible to divert resources from the programme of assurance work. As this constitutes the core element of internal audit work on which management and the Audit Committee will rely in evaluating the council's internal control and governance arrangements, it should normally be regarded as a priority. It follows that diversion of resources from these programmes should be considered as a last resort.
- 2.8 A further option remains to consider using some of the consultancy services budget available to Financial Services to provide temporary staff to assist with programmed work.
- 2.9 In summary, if the core internal audit programme of assurance is to be maintained, an additional 34 days of audit resource needs to be found to balance the annual plan. This can be achieved by diverting resources within the internal audit plan, as set out in the following table:

Plan Area	Measure	Resources
Support Work	Increase plan allocation	+9
Investigations	Increase plan allocation	+21
Audit Management	Increase plan allocation	+4
Sub-total, increased allocations		+34
Efficiency & VfM Work	Reduce plan allocation	-28
General Contingency	Apply part of remaining 20 days	-6
Sub-total, reduced allocations\contingency		-34

3.0 Details of Consultation

- 3.1 Service Heads have been consulted in the development of the risk based audit assurance work programme.

4.0 Options and Options Analysis (including risk assessment)

- 4.1 The options available to the committee are either to approve the proposed adjustments to the internal audit annual plan which are set out in the table in § 2.9, or to propose that the additional commitments identified are met by a different combination of adjustments or measures.
- 4.2 The proposed adjustments are designed to ensure that the core programme of assurance work is safeguarded, and recognise that the overall position regarding work demands will develop and change during the remainder of the year. The proposal provides the Internal Audit Manager with the authority and flexibility to manage the plan. Should any more significant issues arise before the end of the financial year, the Internal Audit Manager will advise and consult the Chairman on any proposed corrective measures.

5.0 Conclusion

- 5.1 Monitoring of the Annual Internal Audit Plan for 2009/10 shows a number of variations in demand for audit work, which need to be managed over the remainder of the year. It is anticipated at this stage that this can be managed so as not to affect the levels of assurance provided by Internal Audit's core programme of planned work.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Not applicable

FINANCIAL IMPLICATIONS

None arising from this report

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments

LEGAL IMPLICATIONS

None arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Internal Audit Plan 2009/10

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Internal Audit Annual Plan 2009/10 - Update at 30 November 2009

Appendix A

Work Allocations		Actuals to 30/11/09	Remaining	Committed	Approved Plan (23/09/09)	Variance	Status at 30/11/09
Job No	Title						
1. ASSURANCE WORK							
Core Financial Systems							
09/0715	Asset Management	1.7	8.3	10.0			
09/0739	Creditors	1.2	6.8	8.0			
09/0750	Academy/Civica Interfaces	7.7	7.3	15.0			
09/0752	Main Accounting	3.2	4.8	8.0			
09/0772	Value Added Tax	10.2	1.8	12.0			
09/0776	Payroll 2009/10	2.7	5.3	8.0			
09/0778	Sundry Debtors 2009/10	5.3	2.7	8.0			
09/0779	Housing Rents 2009/10	5.3	4.7	10.0			
09/0781	Council Tax 2009/10	1.0	7.0	8.0			
09/0782	NDR 2009/10	3.1	4.9	8.0			
	Treasury Management	0.0	8.0	8.0			
Sub-total - Core Financial Systems		41.4	61.6	103.0	90.0	-13.0	
Core Management Arrangements							
08/0703	Fraud & Corruption Arrangements	6.8	0.0	6.8			
08/0721	National Fraud Initiative 2008/09	10.2	4.8	15.0			
08/0761	Financial Management	0.2	11.8	12.0			
09/0773	Performance Management	4.9	15.1	20.0			
09/0774	Ethical Governance Framework and Survey	20.3	4.7	25.0			
09/0777	Project Management	0.1	14.9	15.0			
Sub-total - Core Management Arrangements		42.5	51.3	93.8	75.0	-18.8	
Risk Based Assurance Work Programme							
08/0129	Contracts Audit - Final Accounts	0.3	1.7	2.0			
08/0714	Fair Pay Project	13.6	4.4	18.0			
08/0723	Arts Development	1.4	0.0	1.4			
08/0725	Member Expenses & Civic Functions	2.5	0.0	2.5			
08/0728	Enforcement	4.5	0.5	5.0			
08/0730	Climate Change	23.9	1.5	25.4			
08/0733	Planning for Floods	0.5		0.5			
08/0749	Sustainable Travel	0.8	4.2	5.0			
08/0753	Williamson's Park Financial Procedures	0.9	0.0	0.9			
08/0754	Mod.Gov System	9.8	0.0	9.8			
08/0755	Contaminated Land	6.8	7.2	14.0			
08/0759	Housing Standards	9.1	4.9	14.0			
09/0726	Children and Young People	0.0	0.0	0.0			CFwd
09/0737	Leisure Development	0.0	0.0	0.0			CFwd
09/0738	Information Security	0.3	14.7	15.0			
09/0762	Planning Decisions	0.0	12.0	12.0			
09/0775	Customer Services	5.6	6.4	12.0			
09/0780	Employee Training and Development	0.0	12.0	12.0			
Sub-total - Risk Based Assurance Work		80.0	69.5	149.5	225.0	75.5	
Follow-Up Reviews		70.4	0.0	70.4	64.0	-6.4	
SUB-TOTAL - ASSURANCE WORK		234.3	182.4	416.7	454.0	37.3	

Internal Audit Annual Plan 2009/10 - Update at 30 November 2009

Appendix A

Work Allocations		Actuals to 30/11/09	Remaining	Committed	Approved Plan (23/09/09)	Variance	Status at 30/11/09
Job No	Title						
2. CONSULTANCY WORK							
Support Work (projects and other)							
08/0509	RIPA Monitoring	2.2	1.8	4.0			∞
08/0633	Risk Management Steering Group	0.8	0.7	1.5			∞
08/0700	Corporate Governance Framework Development	1.6	1.4	3.0			⚠
08/0735	Partnership Mapping and Evaluation	27.3	7.7	35.0			∞
08/0740	Procedures for Changing Conditions of Service	0.2	0.0	0.2			⚠
08/0744	Anti-Money Laundering Policy Development	5.1	2.9	8.0			⚠
09/0768	Programme Management and External Funding	7.8	4.2	12.0			⚠
09/0767	Use of Resources 2008/09	29.1	0.0	29.1			✓
09/0769	Corporate Procurement Arrangements	2.7	0.3	3.0			∞
Sub-total - Support Work		76.8	19.0	95.8	87.0	-8.8	
Efficiency & Vfm							
09/0770	Value For Money Strategy Review	8.3	13.7	22.0			⚠
Sub-total - Efficiency & Vfm		8.3	13.7	22.0	50.0	28.0	
Ad-Hoc Advice		35.6	13.4	49.0	49.0	0.0	∞
SUB-TOTAL - CONSULTANCY WORK		120.7	46.1	166.8	186.0	19.2	
3. OTHER							
00/0392	Deputy s151 Duties	7.9	1.1	9.0			∞
08/0760	Fair Pay Project - Pay Modelling Work	15.9	3.1	19.0			⚠
SUB-TOTAL - OTHER		23.8	4.2	28.0	28.0	0.0	
4. AUDIT MANAGEMENT							
08/0172	Committee Work	23.7	4.3	28.0			∞
08/0189	Audit Planning and Monitoring	22.2	7.8	30.0			∞
SUB-TOTAL - AUDIT MANAGEMENT		45.9	12.1	58.0	54.0	-4.0	
5. CONTINGENCIES							
Investigations		182.3	14.0	196.3	175.0	-21.3	⚠
General Contingency		0.0	0.0	0.0	20.0	20.0	
SUB-TOTAL - CONTINGENCIES		182.3	14.0	196.3	195.0	-1.3	
TOTALS		607.0	258.8	865.8	917.0	51.2	

Key: ✓ Completed ⚠ In Progress ⚠ Not Yet Started ∞ Continuous or Multi-Year Activity
 CFwd Carried Forward to 2010/11 Plan ✗ Abandoned

AUDIT COMMITTEE**Length of Meetings
20 January 2010****Report of the Head of Democratic Services****PURPOSE OF REPORT**

To advise the Committee of a Member request that consideration be given to introducing limits on the length of meetings held without breaks for Members or officers.

This report is public

RECOMMENDATIONS

That the Committee consider whether it wishes to make any amendments to the Procedure Rules within the Constitution, regarding the length of meetings or the imposition of breaks where meetings extend beyond a set number of hours.

1.0 Report

- 1.1 The Committee will be aware that during the past year there have been a number of instances where important decision making meetings have lasted for an extended period of time. Concern has been expressed by a Member over the pressure this places on both those Members present and the officers supporting the meeting.
- 1.2 At the present time the Constitution contains just one Procedural Rule relating to the length of time without a break which is utilised mainly at full Council. Even this provides only for a break after a period of 4 hours as follows:

Council Procedure Rule 10

10.1 *Interruption of the Meeting*

The meeting shall adjourn after a period of 4 hours (normally at 6.00pm in the case of full Council) for a break of 30 minutes, save that the Chairman, at his/her discretion, may waive the adjournment if it is likely that the business can be finished shortly.

- 1.3 On reaching 6pm, officer advice is normally provided on whether any items can be deferred to a later date to enable the meeting to be closed rather than adjourned, although as evidenced at the Council meeting of 4th March 2009, this is not always possible.
- 1.4 At other meetings breaks are taken by agreement of those present at suitable moments in the agenda.

1.5 It is generally accepted that powers of concentration diminish after a period of 2 hours and Members may wish to consider introducing additional procedure rules into the Constitution which would ensure that more regular breaks are taken both for the comfort of those present and to improve concentration levels and the ability to deal with often complex issues and make good quality decisions.

2.0 Options

2.1 Option 1 – to agree that restrictions on the length of meetings without breaks should be included in the Constitution and recommend that the necessary amendments be made. If Members wish to pursue this option the decision will need to include the point at which a break should be introduced, eg. after 2 hours, how long any adjournment should be, eg. 15 minutes after 2 hours, 30 minutes after 4 hours, and also which meetings this should apply to.

2.2 Option 2 – to take no action regarding any restriction on the length of meetings.

3.0 Officer Preferred Option

3.1 The Officer preference is option 1 in order to ensure that regular breaks are taken, reducing the pressure on officers supporting meetings and improving decision making.

**CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

Providing for breaks in long meetings may improve decision making capacity and will improve working practices for officers supporting meetings.

FINANCIAL IMPLICATIONS

There are no direct financial implications to the introduction of compulsory breaks in long meetings.

SECTION 151 OFFICER’S COMMENTS

The S 151 Officer has been consulted and has no further comments

LEGAL IMPLICATIONS

Any changes to the Constitution can only be approved after hearing recommendations from the Monitoring Officer or the Audit Committee. Amendments to Council and Cabinet Procedure Rules are delegated to the Council Business Committee.

MONITORING OFFICER’S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

None

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